

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

	X	
<i>In re</i>	:	
	:	
THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	
	:	Title III
as representative of	:	
	:	Case No. 17-BK-3283-LTS
THE COMMONWEALTH OF PUERTO RICO, <i>et</i>	:	
<i>al.</i>	:	Court Filing Relates Only to PREPA
	:	
Debtor.	:	

<i>In re</i>	:	X
	:	
THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	
	:	Case No. 17-4780-LTS
PUERTO RICO ELECTRIC POWER	:	
AUTHORITY (PREPA),*	:	(Jointly Administered)
	:	
Debtor.	:	

RESPONSE OF FUEL LINE LENDERS TO GOVERNMENT PARTIES' STATUS REPORT

* The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19 BK 5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

Cortland Capital Market Services LLC (“Cortland”), as successor administrative agent under a Credit Agreement, dated May 4, 2012, among PREPA, Scotiabank de Puerto Rico, and certain lenders (the “Scotiabank Credit Agreement”), and certain lenders under a Trade Finance Facility Agreement, dated July 20, 2012, between PREPA and Citibank, N.A. (the “Citibank Credit Agreement” and, collectively, the “Fuel Line Lenders”¹), respectfully submit this response to the Government Parties’ Status Report.²

RESPONSE

1. PREPA has been in default on its funded debt since July 2014. The Fuel Line Lenders, who extended short-term loans for the purchase of the fuel PREPA needed to operate its system — which were intended to be drawn and repaid every few *months* — have had their approximately \$700 million in face amount of debt outstanding for almost seven *years*. This Title III proceeding, which was preceded by nearly three years of voluntary forbearance by the Fuel Line Lenders to permit restructuring efforts, is now approaching its fourth anniversary.

2. In each of the six status reports filed since April 2020, the FOMB has identified various matters that require attention during the months before the next status report. The Fuel Line Lenders understand that those matters are important. But notably absent from the six reports is any suggestion that the FOMB has been developing, or in the near term will develop, a plan of adjustment for PREPA. The status reports offer no basis to conclude that the delay in formulating a plan, and finally paying pre-petition debt, will end any time soon.

¹ Cortland respectfully refers the Court to the *Objection of Cortland Capital Markets Services LLC, as Administrative Agent, and Solus to PREPA Bondholder Settlement* (Dkt. 1700 in Case No. 17-4780) for detailed background regarding the Fuel Line Lenders and their interests in this case.

² Dkt. 2476 in Case No. 17-4780. Capitalized terms have the same meanings as in the Status Report.

3. It appears that this Title III proceeding will not move forward without the imposition of deadlines, as was provided by the Court in the Commonwealth case. Accordingly, the Fuel Line Lenders intend to file a motion, with a request that it be heard at the June 16 omnibus hearing, asking the Court to set a schedule for the formulation and filing of a plan of adjustment.

4. The Fuel Line Lenders take no position on the Government Parties' request to file another status report by July 11, 2021, but urge the Court to add additional deadlines as will be sought in their forthcoming motion.

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Dated: May 17, 2021

Respectfully submitted,

/s/ Nayuan Zouairabani

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